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BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 09-01 January 9th, 2009

- **Unemployment rate rises to 5.3% in December**
- **Housing starts increase 8.0% in December**
- **Receipts at food and drinking places up 1.3% in October**

Labour Force

- **British Columbia's unemployment rate rose 0.4 percentage points to 5.3% (*seasonally adjusted*) in December as a result of a shrinking number of jobs (-0.3%) and a slight expansion in the size of the labour force (+0.1%).** This marks the fifth consecutive month in which the province has failed to see an increase in the number of jobs. Nationally, unemployment rose to 6.6% in December due to a large drop in full-time employment.

Data Source: Statistics Canada

- **Employment in the province's goods producing industries inched ahead 0.2% (*seasonally adjusted*) in December after shedding workers in each of the two previous months.** Forestry, fishing & mining (+11.2%) and manufacturing (+1.8%) added 8,400 people to their payrolls. However, this increase was dampened by the roughly 8,100 workers in utilities (-9.4%) and construction (-3.1%) that lost their jobs.

  In the service sector, employment slipped 0.5% as seven industries cut back on the size of their workforce in December. Transportation & warehousing (+9.2%), accommodation & food (+3.3%) and retail & wholesale trade (+2.3%) all experienced high-to-moderate levels of employment growth, but these gains were overshadowed by the 32,900 lost jobs in the remaining service industries.

Data Source: Statistics Canada

- **An increase in the number of jobs and a downsizing of the labour force in Northeast yielded the lowest unemployment rate in the province at 3.6% (*3-month moving average*) in December.** North Coast/Nechako's unemployment rate rose to 8.4% while joblessness in Kootenay jumped to 7.0%. Cariboo (5.6%) and Mainland/Southwest (4.5%) saw unemployment rates edge slightly higher as unemployment in Vancouver Island/Coast remained unchanged at 4.5%.

Data Source: Statistics Canada

The Economy

- **Housing starts in the province climbed (+8.0%, *seasonally adjusted*) in December, reversing just some of the hefty 27.2% decline recorded in November.** New home building activity was down in five provinces with declines ranging from 2.3% in Alberta to 25.3% in Saskatchewan. Canadian starts were off 0.4%, as the decrease was moderated by upsurges in BC, Ontario (+8.1%), Manitoba (+11.1%) and parts of Atlantic Canada.

Data Source: CMHC

- **The value of building permits issued by BC municipalities dropped sharply (-28.9%, *seasonally adjusted*) in November, following a 6.3% decrease in October.** Non-residential permits tumbled (-34.6%), eroding much of the previous month's (+32.6%) gain, while the value of residential permits fell (-22.9%) for the third consecutive month. Kelowna (-12.1%), Victoria (-18.5%), Vancouver (-22.1%) and Abbotsford (49.3%) all saw double-digit declines.

  Nationally, permits slumped 11.8%, as seven provinces recorded declines. Non-residential permits were off 15.2%, while the value of

Report

High Hopes for High Tech:
BC's High Technology Sector in 2007

Did you know...
Canadians are most willing to give up chocolate (39%) or alcohol (32%) in order to be at their ideal weight. *Source: Ipsos Canada*

residential projects (-9.0%) was also down. Alberta (+22.2%), Saskatchewan (+8.8%) and Nova Scotia (+5.9%) saw permits rise, while decreases in the rest of the country ranged from 2.0% in PEI to 28.9% in BC.

Data Source: Statistics Canada

- **Compared to the same month last year, the year-to-date value of building permits issued by BC municipalities dropped 9.5% (*unadjusted*) in November, with decreased activity in all but one region.** Nechako (-22.7%) posted the most substantial decline, but overall permits were pulled down most by drops in Mainland/Southwest (-11.3%) and Vancouver Island/Coast (-7.0%). On the plus side, permits inched up in Northeast (+1.0%), due to planned spending on commercial buildings. *Data Source: Statistics Canada & BC Stats*

- **Sales in the province's food services and drinking places industry topped $668 million (*seasonally adjusted*) in October, up 1.3% from the previous month.** Receipts at food service establishments rose 0.6%, while drinking places posted a 5.7% increase.

  Nationally, sales edged up 0.7% to $4.1 billion as restaurants continued to thrive (+0.7%), and drinking places saw a 0.6% increase in receipts, recovering from a slip in September (-0.3%). With the exception of Alberta (-0.4%), all provinces saw sales climb in October, with increases ranging from 0.1% in Ontario to 4.3% in Nova Scotia.

  Data Source: Statistics Canada & BC Stats

2008 in Review

- **While British Columbia's labour market soured late in the year, the province's unemployment rate still remains relatively low at 4.6% for 2008 (*annual average*[1]), up 0.4 percentage points from 4.2% in 2007.** However, this increase was the second highest in the country, just below Prince Edward Island (+0.5 percentage points) and places BC fourth lowest among the provinces. The national rate increased 0.1 percentage points to 6.1% in 2008.

  Despite job losses in manufacturing (-8.6%) and forestry, fishing & mining (-3.8%), goods industries employed 1.2% more workers overall as a result of a surge in construction (+12.1%) early in the year. While the number of jobs in retail & wholesale trade dropped 2.8% in 2008, total service sector employment rose 2.4%. *Data Source: Statistics Canada*

- **Housing starts in the province dropped 11.1% in 2008, as BC homebuilders slowed construction in the latter half of the year.** 2008 marked the end of a seven-year run in which housing starts in the province experienced the longest continuous upturn in at least two decades. Despite the slowdown in 2008, new home construction in the province last year remained above the ten-year average.

  Data Source: CMHC

The Nation

- **Canada's economic output slipped 0.1% in October, mirroring September's increase (+0.1%).** While the goods industries remained stable (+0.0%), the service sector declined 0.2%. The economic decline was partly driven by the depreciating Canadian dollar. In the service sector, wholesale (-2.7%) trade lost substantial ground, marking the third month of retractions over the past six months. Weakness was also recorded in the financial sector (-0.1%) and retail trade (-0.1%). Growth in most other service industries was not strong, but, with the exception of administrative & support services (-0.1%), all made gains in October. The goods sector fared slightly better with strong growth in agriculture, forestry, fishing & hunting (+1.5%) and mining & oil and gas extraction (+1.1%) offsetting weakness in other goods industries, including construction (-0.3%) and manufacturing (-0.7%). *Data Source: Statistics Canada*

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[1] *Figures quoted in this section are calculated from annual averages*

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

Contact: Jade Norton
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Originally published in
Business Indicators Issue 08-11

High Hopes for High Tech: BC's High Technology Sector in 2007

As a source of innovation and a supplier of high-paying employment, the high technology sector is an important segment of the economy. British Columbia's high technology sector is still relatively small, but it is growing and has gained a foothold in the provincial economy. The province is now home to some high tech clusters in areas such as digital media, biotechnology and "green" technologies that are world-class and, in some cases, world leaders.

High technology is usually associated with growth and development. Since research and development (R&D) is the basis for technological advancement, those industries that perform a significant amount of R&D often have a considerable high tech component. However, an industry does not necessarily need to have a high degree of R&D involvement to be considered high tech. Industries that produce goods or services that are uniformly recognized as high tech are also included in the high technology sector. Since 1996, BC Stats has built up statistics on the high technology sector using information from industries within the sector.

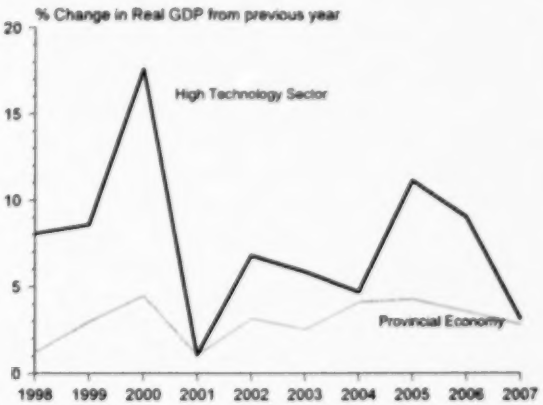
For a list of what industries are classified as high tech and a more detailed analysis of the high technology sector in BC, including data tables, see the publication *Profile of the British Columbia High Technology Sector: 2008 Edition*, available online at http://www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech/HTP2008.pdf , or through the Ministry *of Technology, Trade and Economic Development* or *Ministry of Advanced Education and Labour Market Development*

BC's high tech sector recorded above average performance in 2007

The province's high technology sector continued to expand in 2007, with strong growth in employment and revenue and more modest growth in exports and GDP. The growth from 2006 to 2007 exceeded that of the overall industrial aggregate for several indicators, including GDP, employment, wages and exports.

British Columbia's high technology sector has consistently outperformed the economy as a whole over the last decade. With the exception of 2001, when high tech was suffering the effects of the dot com crash, the growth rate of high technology GDP in BC has been higher than that for the overall aggregate GDP in every year. Even in 2001, the growth was on par with the overall economy. In 2007, the 3.1% GDP growth for the high tech sector was slightly higher than overall GDP, which rose 2.8%.

BC's high tech sector has consistently outperformed the overall economy



The bulk of Canada's high technology sector resides in Central Canada. Ontario's high tech sector generated $37.4 billion in GDP in 2007, which was almost 44% of the Canadian total. Quebec ranked second with $21.7 billion in high tech GDP, followed by Alberta with $10.5 billion. British Columbia's $9.3 billion GDP for the high tech sector ranked it fourth in the country. The output from BC's high tech sector comprised around 11% of total Canadian high tech GDP in 2007.

The service sector generated about 73% of the Canadian high tech sector's GDP in 2007. Of the four provinces where high tech is concentrated, only Quebec (57%) had a lower share of high tech GDP generated by the service sector than the national average. The large aerospace industry and significant production of pharmaceuticals are the main reasons that Quebec's high tech sector has a larger manufacturing sector than the rest of the country. In Ontario, service sector industries produced 74% of that province's high tech GDP, just slightly higher than the national ratio. Meanwhile, the service sector in both British Columbia (88%) and Alberta (90%) generated a much larger portion of high tech GDP compared to elsewhere in the country.

British Columbia's high tech GDP climbed 3.1% from 2006 to 2007, which exceeded the national average of 2.4% and was only slightly behind Alberta's 3.6% rate of growth. Quebec's high tech sector posted a mediocre GDP increase of 1.0%, while Ontario also recorded a rise in GDP (+2.3%) lower than the Canadian average.

Overall, high technology plays a far more significant role in the economy of most American states compared to Canadian provinces. In absolute terms, 28 states had larger high tech sectors than British Columbia in 2006 based on GDP generated by the sector. Even Ontario, with the largest high tech sector in Canada, trailed 11 states in terms of high technology GDP in 2006[1].

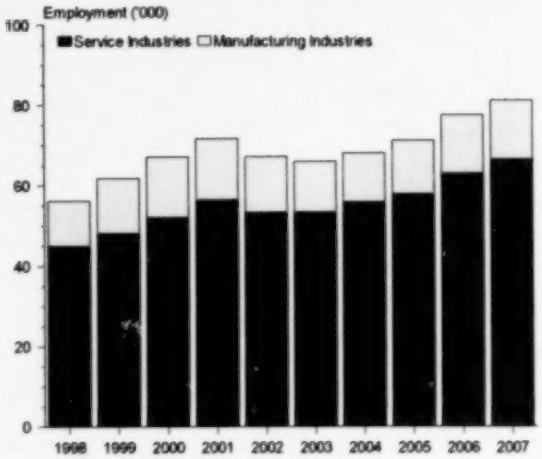
High tech employment climbed in 2007

Despite the challenge of recruiting new staff in BC's tight labour market, the number of people employed by British Columbia's high technology sector hit a new high once again in 2007. High tech employment in the province climbed 4.8% in 2007 to 81,140. The ser-vice sector led the way, adding approximately 3,570 net new jobs, an increase of 5.7% over 2006. Employment in high tech manufacturing industries was also higher, edging up 0.9%. For the fourth consecutive year, job growth in BC's high tech sector exceeded that of overall employment in the province, which grew only 3.1%.

Although BC's high tech workforce has been growing at a faster rate than the national total for much of the last decade, BC still trails Alberta in terms of high tech employment, ranking it fourth in the country. Ontario is home to about 42% of the country's high tech workforce, with 328,930 high tech employees. Quebec has just over a quarter (26%) of Canada's high tech employees, more than Alberta (11%) and BC (10%) combined. Nevertheless, among the high tech provinces, British Columbia recorded the strongest growth in high tech employment in 2007, as the 4.8% increase in high tech jobs was more than double the 2.0% growth in employment in Alberta. Overall, Canadian high tech employment edged up only 0.3%. Ontario trailed the national figure slightly, at 0.2%, while the number of high tech jobs in Quebec fell 1.1%.

[1] GDP data by state are not yet available for 2007

High tech employment in BC at all-time high

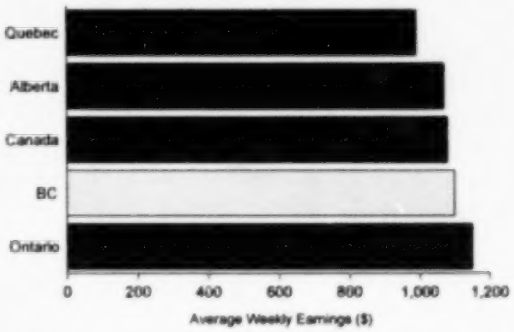


Both revenues and expenses climb

The increase in employment resulted in growth in wages and salaries as well. British Columbia's high technology sector paid out al-most $4.7 billion in wages and salaries to its employees in 2007, a 6.9% increase over the compensation paid a year earlier. At $1,100, average weekly earnings in the high tech sector are far higher than the overall BC average weekly wage rate of $760.

British Columbia high tech employers actually already offer higher wages compared to the national average. BC's average weekly earnings of $1,100 for high tech workers are slightly higher than the Canadian average of $1,080. Ontario is the only high tech province to offer higher wages than BC, at an average of $1,150 per week.

BC high technology average earnings exceed the national average



High technology revenues in British Columbia climbed 8.4% in 2007, to $18.1 billion. This marked the sixth consecutive year that high tech revenues have experienced strong growth. All the gains were in the service sector, as revenues from high tech manufacturing industries actually declined 4.3%. Services, which are the source of the bulk of revenues in BC's high technology sector, boosted revenues by 10.8%.

Fewer high tech establishments in 2007

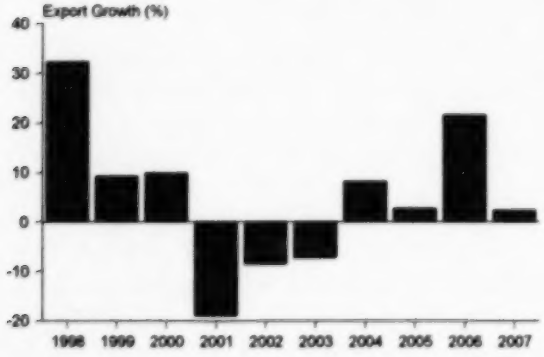
There was a significant decline in the number of high technology establishments (excluding those with no employees) in the province in 2007. Overall, there were 633 fewer establishments in 2007, a 6.9% drop from 2006. Given the increase in high tech employment in the province, this would seem to indicate that there was considerable consolidation in the high tech sector, with a number of smaller operations merging to create larger businesses. Both manufacturing (-5.2%) and service sector industries (-7.0%) experienced a decline in the number of establishments.

British Columbia's high technology sector is dominated by service industries as 91% of all high tech establishments in the province are in the service sector. There were 7,796 high tech service sector establishments in the province in 2007 and an additional 777 in high tech manufacturing industries.

Exports and imports of high technology commodities continues to climb

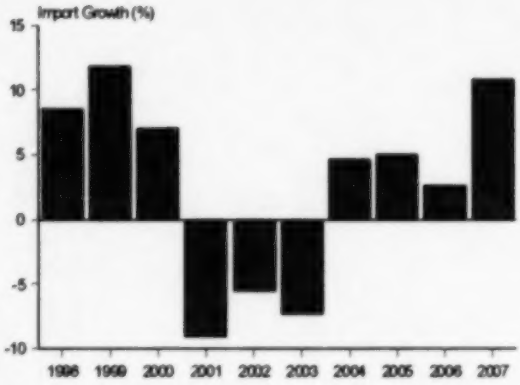
Despite being faced with the challenge of the Canadian dollar reaching par with its American counterpart, British Columbia exporters of high technology goods managed to boost the value of their shipments to international destinations up 2.4% in 2007, to $877.1 million. While exports to BC's largest market, the United States, edged up 2.7% in 2007, the strongest growth was in shipments to the European Union, which increased 19.5%. A large portion of this growth was from a 178.8% jump in exports to Germany. However, exports to the United Kingdom (+13.3%) and the Netherlands (+35.9%) also experienced strong growth. Shipments to the Pacific Rim plunged 20.2% in 2007, with many of the top Asian destinations experiencing double-digit declines. Australia bucked the trend, as exports to that country jumped 23.3%.

BC's high technology exports edged up in 2007



The value of high technology goods imported into British Columbia increased for the fourth consecutive year in 2007, rising 10.8% to almost $4.7 billion. After six straight years of declines, imports from the United States finally turned around, recording an increase of 8.1%. Mainland China continued to be a growing source for high tech products imported into British Columbia, with shipments climbing 14.2%.

Imports of high technology products into BC increased in 2007



British Columbia imports substantially more high technology goods than it exports and, as a result, the province runs a trade deficit in these commodities. The deficit climbed to almost $3.5 billion in 2007, as growth in imports outpaced that of exports.

BC's high technology sector is still small, but continues to grow

Relative to other jurisdictions, particularly American states, British Columbia's high technology sector is still small. Nevertheless, the sector has been growing and is becoming a more integral part of the provincial economy, employing more people than BC's traditional economic powerhouses, the forestry and mining industries combined. While the sector as a whole may not rank prominently compared to other high tech jurisdictions, BC is home to some high tech clusters, such as fuel cells and motion picture production, that are world class and, in some cases, world leaders. Given the significance of high technology products in today's world and the combination of lucrative revenues and well-paid employment offered by the sector, there is little doubt that high technology will continue to attract attention in British Columbia and elsewhere.

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Email transmission information service from BC Stats

also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Oct 1/08	% change on one year ago
BC	4,405.5	1.6
Canada	33,441.3	1.2
GDP and INCOME (Revised Nov 6)		
(BC - at market prices)	2007	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	192,528	5.4
GDP *($ 2002 millions)*	164,583	3.0
GDP *($ 2002 per Capita) (reflects revised pop)*	38,184	1.4
Personal Disposable Income *($ 2002 per Capita)*	25,282	3.1
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Oct	3,446	0.4
Merchandise Exports - Oct	3,104	9.0
Retail Sales - Oct	4,679	-2.0
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - Nov 2008)		
BC	2.0	2.1
Vancouver	2.3	2.3
Victoria	2.1	1.8
Canada	2.0	2.5
LABOUR FORCE (thousands)	Dec '08	% change on prev. month
(seasonally adjusted)		
Labour Force - BC	2,433	0.1
Employed - BC	2,303	-0.3
Unemployed - BC	130	9.0
		Nov '08
Unemployment Rate - BC *(percent)*	5.3	4.9
Unemployment Rate - Canada *(percent)*	6.6	6.3
INTEREST RATES (percent)	Jan 7/09	Jan 9/08
Prime Business Rate	3.50	6.00
Conventional Mortgages - 1 year	5.60	7.35
- 5 year	6.75	7.54
US-CANADA EXCHANGE RATE	Jan 7/09	Jan 9/08
(avg. noon spot rate) Cdn $ per US $	1.1853	1.0085
(closing rate) US $ per Cdn $	0.8354	0.9903
AVERAGE WEEKLY WAGE RATE	Dec '08	% change on one year ago
(industrial aggregate - dollars)		
BC	796.71	5.4
Canada	796.28	3.9

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Provincial Electoral District Profiles

We have just completed a series of profiles for each of the 85 electoral districts that will be contested in the provincial general election scheduled for May 12, 2009. Based on the 2006 Census; 27 pages each.

www.bcstats.gov.bc.ca/data/cen06/profiles/peds/ped_06.asp

RSS feed for Infoline

Infoline now has its very own RSS feed!

www.bcstats.gov.bc.ca/rss/rss.asp

The Import Content of Exports: A British Columbia Perspective

A new study examining the import content of British Columbia's exports has been released. The removal of the import content allows for better comparison with GDP and provides insights into the value-added content of exports and the extent that firms are outsourcing production in an attempt to lower costs.

www.bcstats.gov.bc.ca/data/bus_stat/trade.asp#ICE

Data and Health Mapping Browser

A new thematic mapping tool on our site will display a wide selection of BC Stats' data holdings. For a fee, BC Stats can create similar mapping tools for your organization using your own data for display on our site.

www.bcstats.gov.bc.ca/data/pop/maps/browsers.asp

Released this week by BC Stats

- Tourism Sector Monitor, December 2008
- Labour Force Statistics, December 2008
- Earnings & Employment Trends, Dec. 2008

Next week

- Exports, November 2008
- Consumer Price Index, December 2008

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